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IV. DEPARTMENTAL MANAGEMENT

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In its various reports, the Hoover Commission has provided new emphasis for departmental management in the federal government. While the term has not been explicitly defined in any of the reports, in usage the phrase "departmental management" has obviously referred to the authority, responsibility, and staff institutions of department heads.¹

In its report twelve years ago, the President's Committee on Administrative Management gave only passing attention to the matter of departmental structure and leadership. The report made general reference to the need "to reduce to a manageable compass the number of agencies reporting to the President," and then outlined twelve proposed executive departments with broad statements of basic purpose.² A single page was devoted to a few observations about departmental management. Each department should have a small number of policy-determining officers at the top; and the department head should have facilities for administrative management, operating generally under a single executive officer who should be a career official.³ This was the extent of the prescription.⁴

In its first report, "General Management of the Executive Branch," the Hoover Commission has coupled presidential and departmental management. It asserts: "The effectiveness of presidential direction and supervision and the efficiency of administrative operations depend primarily upon the satisfactory management of these operating units."⁵ There follow a number of "findings" of fault with the existing structure of executive agencies and the authority of department heads.

The Commission puts forth five general recommendations: (1) that agencies "be grouped into departments as nearly as possible by major purposes in order to give a coherent mission to each department"; (2) that subsidiary bureaus be grouped as nearly as possible according to major purposes; (3) that department heads be given "full responsibility for the conduct of their departments"; (4) that departments be given greater responsibility for the direct performance of

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¹ In this discussion, I shall refer throughout to the reports of the Hoover Commission itself and not to any of the task force reports published as appendices to the Commission reports. Actually, only a part of these task force reports have been published. The present writer was co-author of Appendix E to the Commission reports, entitled "Departmental Management."

² See President's Committee on Administrative Management, *Report with Special Studies*, pp. 31 and 33.

³ *Ibid.*, p. 39.

⁴ To be sure, the report was accompanied by a special study by Arthur W. Macmahon entitled "Departmental Management" (*ibid.*, p. 247) which has had a continuing influence upon organizational thinking and practice in the federal government.

⁵ Commission on Organization of the Executive Branch of the Government, *General Management of the Executive Branch*, p. 31.

such management activities as budgeting and personnel "under common standards and supervision established for the entire executive branch"; and (5) that department heads be given "adequate staff assistance" to achieve efficiency and economy in departmental operation.⁶

In addition, the Commission has added other recommendations. It has asked that department heads be given the authority to determine internal departmental organization, and at the same time has suggested a standard nomenclature for operating units. By inference, it has suggested that all appropriations be made for "programs" and that allotment of these funds to administrative units be left to the discretion of the department head. The Commission has proposed that staff officers other than under- and assistant secretaries, together with bureau chiefs, be appointed by department heads, "with proper consideration" to the promotion of career employees. It has suggested a common staff organization. Finally, by inference, the Commission proposes that department heads give greater attention to developing the "proper distribution, supervision, and coordination" of field offices.⁷ Just how this last is to be done, however, is by no means clear.

In some thirteen subsequent reports, the Commission applied these general recommendations to various activities of the federal government.⁸ From these reports, taken together, there emerges a pattern of government organization, a common set of management instrumentalities, and a general theory of administrative structure. Each deserves a few words of comment.

II

In its "Concluding Report," released on May 26, 1949, the Commission presented a chart to indicate its concept of desirable organization structure for the federal government. Here, of course, we are not concerned with the "staff offices" or units of the President's Office. For some reason, however, while the proposed Office of Personnel was shown as a part of the President's Office, the Civil Service Commission was separately included among the "non-cabinet agencies." According to this chart, although nowhere explicitly stated as such, the Commission conceived of three kinds of operating agencies in the federal government. The first type was designated "cabinet departments." The Commission proposed only one new such department, presumably to be called "Department of Social Security and Education." With the National Military Establishment now labeled by law an "executive department," there would accordingly be ten cabinet departments. The major changes in the composition of these departments will be mentioned below.

Secondly, the Commission's chart indicated twelve "non-cabinet" agencies.

⁶ *Ibid.*, pp. 34-35.

⁷ *Ibid.*, pp. 35-45.

⁸ The reports which deal with operating structure and activities are: *Foreign Affairs*, *National Security Organization*; *Department of Agriculture*; *Post Office*; *Medical Activities*; *Department of the Interior*; *Social Security*; *Education*; *Indian Affairs*; *Department of Commerce*; *Treasury Department*; *Department of Labor*; *Veterans Affairs*; *Overseas Administration*; *Federal-State Relations*; *Federal Research*; and *Business Enterprises*.

At least two of these seem obviously misclassified: the Civil Service Commission, already mentioned, and the Tax Court of the United States. The last is surely as much a "legislative court" as the Court of Claims and the Court of Customs and Patent Appeals. No President would relish the suggestion that he had any control or supervisory responsibility over the individual cases interpreting the internal revenue laws which are decided by this body. Otherwise, the Commission suggests by implication the desirability of ten operating agencies apart from the cabinet departments. Eight existing agencies would be continued as presently set up in the federal government: the Atomic Energy Commission, the Tennessee Valley Authority, the Veterans Administration, the Housing and Home Finance Agency, the U. S. Tariff Commission, the National Mediation Board, the Railroad Retirement Board, and the Federal Mediation and Conciliation Service. In its report on the Labor Department, the Commission avoided taking any position about whether this last agency should be returned to that department, on the ground that this was a policy issue closely involved in the pending reconsideration of the Taft-Hartley Act of 1947. The Commission definitely recommended the creation of one new "non-cabinet" agency, a United Medical Administration. It "suggested" a new Overseas Affairs Administration, the principal component of which would be the present Economic Coöperation Administration.

In the third category of operating agencies, the Commission proposed to leave unsettled the status of the "independent regulatory commissions," although certain so-called "operating functions" would be transferred to other agencies. There are nine of these commissions at the present time.

The most important changes among the executive departments involved the Departments of Agriculture, Commerce, and Interior. The Department of Agriculture would receive the land management functions now vested in the Bureau of Land Management of the Interior Department. The Commerce Department would receive several new transportation responsibilities, the most substantial of which are the ship chartering and operating duties of the U. S. Maritime Commission. The Interior Department would take over the so-called "civil functions," or rivers and harbors work, of the Corps of Engineers in the Department of the Army. Perhaps also we should note the proposed location of the Reconstruction Finance Corporation, the Federal Deposit Insurance Corporation, and the Export-Import Bank in the Treasury Department.

These various shifts are apparently desirable for two reasons. The Commission assumed that it would be helpful to reduce the number of agencies over which the President must and does exercise some kind of supervision. Its point of view was stated in these words: "There are at present too many separate agencies to permit adequate attention and direction from the President."⁹ The second argument is equally familiar: that "many closely related functions" are widely scattered, that some agencies contain "totally unrelated" activities, and that "greater over-all efficiency and improved coördination" may be achieved by grouping activities "according to major purpose."¹⁰

⁹ *Concluding Report*, p. 41.

¹⁰ *Ibid.*, pp. 43-44.

The reasons advanced for these structural changes apply doctrines long current in organization discussions. There is nothing essentially new in these proposals; indeed, some immediately recall the executive orders which President Hoover submitted to Congress in December, 1932. Because of changing circumstances, the ideas must continually be given new application; or, for reasons the Commission nowhere explores, the organization structure of the federal government is singularly immune from a general willingness to practice time-honored concepts.

In one respect, certainly, the Hoover Commission's recommendations on organization present a new position. The President's Committee on Administrative Management hoped to encompass administrative activity generally within the twelve executive departments it outlined. With only one new executive department advocated, the Hoover Commission has implicitly given its approval to the existence of "independent establishments." This seems not only realistic but also necessary. For some peculiar reason, Congress is most reluctant to create new agencies legally designated "executive departments." In all the grave events of depression, war, and cold war, Congress since 1913 has created only one new executive department, the Department of the Air Force in 1947; and this status was changed in 1949 when the National Military Establishment became an executive department.

There are no criteria which can enable the commentator to say that the administrative structure proposed by the Hoover Commission will or will not be a measurable improvement over the present one. The best one can say is that there seems no valid reason why the experiment should not be made. Certainly the creation of the United Hospital Administration and of a single Water Development and Use Service might bring some economies in planning and operating these activities. Yet these are the very types of projects whose location is so notoriously dear to the hearts of all congressmen, regardless of political faith; these proposals consequently face the least likelihood of adoption.

III

The Commission also has put forth a common management organization for the top direction of these departments. (These arrangements are presumably applicable also to certain of the non-cabinet agencies, as the report on veterans affairs indicates.) In the introduction to its first report, the Commission stated its basic proposal in these words: "The President, and under him his chief lieutenants, the department heads, must be held responsible and accountable to the people and the Congress for the conduct of the executive branch."¹¹ "Wise exercise" of this authority, the Commission argued, was impossible without "staff institutions." Later, the Commission asserted as a major finding that "the President and the heads of departments lack the tools to frame programs and policies and to supervise their execution."¹²

The common staff suggested by the Commission would be headed by an under-secretary and "such number of assistant secretaries as may be necessary."

¹¹ *General Management of the Executive Branch*, p. 1.

¹² *Ibid.*, p. 5.

The duties of these officials would be left to the secretary to determine, except that the under-secretary might "undertake general supervision of the department." These officials would be appointed, as now, by the President, with confirmation by the Senate. In a separate category would be an "administrative assistant secretary." The remaining staff would be made up of a general counsel, financial officer, personnel officer, supply officer, management research officer, information and publications officer, and finally a congressional liaison officer.

This proposed top management organization is applied to various agencies in subsequent reports of the Commission. The notable modifications occur in the reports on Foreign Affairs and the Post Office. In addition to the under-secretary, the Commission recommended the creation of two deputy under-secretaries of state, one for "substance" and one for administration. Altogether the Commission recommended eight assistant secretaries, five with "line" duties and three with staff duties (public affairs, economic and social matters, and congressional relations). In its report on the Post Office, the Commission recommended creation of the position of "director of posts." This would be a sort of permanent under-secretaryship to direct internal operations. Otherwise, the various reports of the Commission are generally consistent in advocating a standard top management staff.

There is little which is unique to present practice or prevailing organizational thinking in this prescription. While declining to assert a clear position on the matter, the Commission seemed to favor an arrangement which would make the post of administrative assistant secretary a career position, and which would place certain staff officers such as those in charge of financial, personnel, and supply matters under this official. On the other hand, the Commission made no direct provision for institutional arrangements to handle department-wide policy and program matters. The report of the Commission says only that "it is necessary for department heads to make appropriate arrangements for constant review of departmental policies and programs."¹³ The report adds: "These responsibilities must be performed by senior departmental officials." Who these are or how they should operate, the Commission does not indicate.

The separate mention of a "management research officer" is noteworthy. The Commission gives special emphasis to this, in line with its general concern with economy and efficiency. This proposal seems to suggest that a separate officer, and not the departmental budget officer, should perform "organization and management" work at the departmental level. This suggestion seems all the more remarkable in the light of departmental difficulties first of all in obtaining appropriations for central staff and secondly in justifying administrative management or management improvement activities. If this recommendation were generally adopted, it might do much to advance a separate profession of management research in the federal government. Yet at the same time it would present a continuing challenge to management research to demonstrate usefulness, which undoubtedly would be measured primarily in terms of reduced appropri-

¹³ *Ibid.*, p. 38.

ation requests for departmental operations. How long any management research would survive such a spotlight, or the probable hostility of operating heads, would be anyone's guess.

Then the Commission suggests a separately identified "congressional liaison officer." On the one hand, this attests the growing concern of departmental management with legislative relations. On the other hand, whether the solution to an acknowledgedly perplexing problem is the creation of a designated congressional liaison officer, only experience can demonstrate. The State Department has already named an assistant secretary for this specialization, and other agencies may follow the arrangement. In the past, secretaries and under-secretaries have followed a variety of practices in keeping up their contacts with legislative committees. Usually a considerable part of their own time has gone into this activity. It seems unlikely that any department head can substantially reduce this personal responsibility.

IV

Finally, the recommendations of the Hoover Commission reveal a general theory about government organization. For lack of better designation, we may speak of it as the "authority" or "line of command" theory of administrative structure. Thus the Commission declares: "The exercise of authority is impossible without a clear line of command from the top to the bottom."¹⁴ It adds that "lines of authority are confused" at the present time. Any "systematic effort" to improve government organization, the Commission says, must among other things "establish a clear line of control from the President to these department and agency heads, and from them to their subordinates with correlative responsibility from these officials to the President, cutting through the barriers which have in many cases made bureaus and agencies partially independent of the Chief Executive."¹⁵

Speaking more specifically of departments, the Commission notes:¹⁶ "The line of authority from departmental heads through subordinates is often abridged by independent authorities granted to bureau or subdivision heads, sometimes through congressional acts or stipulations in appropriations. Department heads, in many instances, do not have authority commensurate with their responsibilities. Such bureau autonomy undermines the authority of both the President and the department head. There is, therefore, a lack of departmental integration in performing the department's major mission."

To meet this avowedly undesirable situation, the Commission has certain specific recommendations. Bureau chiefs should all be appointed by department heads, with "proper consideration" to the promotion of career employees. Secondly, the department head "should be given authority to determine the organization within his department." And thirdly, he "should be given authority to assign funds appropriated by the Congress for a given purpose to that agency in his department which he believes can best effect the will of Congress."¹⁷

¹⁴ *Ibid.*, p. 1.

¹⁵ *Ibid.*, p. 7.

¹⁶ *Ibid.*, p. 32.

¹⁷ *Ibid.*, p. 41.

If these three recommendations were generally adopted, there can be no doubt that some department heads would receive a substantial increase in authority. Although the Commission report did not repeat or comment upon the departmental management task force report on this subject, it took a definite stand. The task force pointed out that departments and agencies, in terms of authority, were of two primary types. In some departments and agencies, the legal authority and responsibility of the department head is extensive. This is notably true in the State Department, Treasury Department, Post Office Department, Agriculture Department, and the Veterans Administration. On the other hand, some department and agency heads possess only the vague authority to "direct and supervise" constituent agencies. This is especially evident in the Interior Department, Commerce Department, Labor Department, Federal Security Agency, Housing and Home Finance Agency, and Federal Works Agency. The Commission thus adopted the general proposition that there should be only one type of department, the first type.

Where strong departments *as departments* have been created, one of two predisposing conditions has existed. Either the department or agency has had a more or less well defined and single task to perform, as is the case of the State and Post Office Departments, or departmental jurisdiction has coincided with powerful interest groups who have wished to exercise their influence directly through the department head, as in the case of the Agriculture Department and the Veterans Administration. But where powerful professional and other groups have been interested in a particular agency, whether a bureau or separate establishment, there has been strong opposition to extensive and *real* discretion in a department head who might exercise some kind of supervisory restraint. For evidence, one needs think only of such agencies as the Public Health Service, the Office of Education, the Public Roads Administration, the Bureau of Reclamation, the Civil Aeronautics Administration, and the Federal Housing Administration. Every one of these is a constituent part of an executive department or agency. Yet in reality each operates with that "autonomy" which the Hoover Commission has deprecated.

Our democratic society is one composed of numerous differentiated groups, each highly articulate and many with real political influence. As these groups have sought to use the instrument of government to advance their particular purposes, they have, of course, insisted upon close working relations with the resulting administrative agency. Not all government activities are to be traced to so simple an explanation, but most agencies develop some sort of close following in our society or they do not long endure.

The "integration" objective of most government reorganization studies has generally overlooked or ignored this factor of the interrelationship between administrative agencies and the inherent characteristics of our democratic society. The Hoover Commission must apparently be included in this number. No doubt political pressures may be played against one another when administrative structure permits. A department head with greater legal responsibility for various activities might be able to balance the desires of particular groups, or even

to compromise them. Most groups are not enthusiastic about such a possibility.

This situation inevitably poses two major questions. The first is whether the group element of our society would be in any way impaired by a more highly integrated administrative structure. The second is whether any mere change in legal authority of department heads can vitally affect the political realities of our society.

It has often been said that the primary function of the "successful" politician is to build a synthesis of various groups into a continuing and satisfied coalition of political power. If this be true, why should the "successful" administrator be any the less concerned with the same, if somewhat more limited, synthesis? Yet, interestingly enough, the opposition to any arrangement which would encourage administrative balance comes from the groups which would be affected thereby. Obviously, they do not anticipate with pleasure any prospect of being "synthesized."

On the other hand, regardless of his legal authority, no department head, say for example in the new Department for Social Security and Education, would dare irreconcilably outrage either the social welfare or educational groups of the nation. Similarly, the head of the housing agency must constantly balance the public housing enthusiasts with the interests of private mortgage institutions. A change in legal authority could neither confer political sagacity upon a department head nor suddenly free him from the need for political sensitivity.

Today, a President who was ready and willing to challenge a particular group could use his undoubted constitutional authority to sustain a department head, regardless of the latter's legal authority, against a recalcitrant bureau chief. But "live and let live" is more than the path of least resistance in politics; it may even be the price of survival. At any rate, political strategy dictates a practice of fixing upon limited objectives at any one period of time.

To this writer, then, the theory of "authority" or "line of command" in organization structure appears to be a reasonable, but long-term, goal to be approached gradually and partially. But it is an objective which will bring no miracles in public life, no amazing accomplishments in "economy and efficiency" in the performance of government activities.

V. FOREIGN AFFAIRS

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A noteworthy indication of the impact of the Hoover Commission's recommendations regarding governmental organization for the control of the foreign

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